
MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: ERIN REINDERS, PLANNING DIRECTOR
THRU: CHRIS HLADICK, CITY MANAGER
DATE: DECEMBER 2, 2014
RE: COMMUNITY WIDE HOUSING

SUMMARY: A spectrum of housing related problems has been present in our community for years. The Unalaska Housing Plan describes these problems in detail and offers many recommendations as to how the problems might be addressed. City Staff will outline several of these concepts this evening, including actions that have already been taken as a result of the Plan's recommendations. Staff requests guidance as to what further action the Council might be interested in the City pursuing, and which concepts warrant additional research by Staff and future discussion as a community.

PREVIOUS COUNCIL ACTION: Recognizing the problem of limited housing choice, affordability and availability, the City Council adopted the Housing Plan, a component of the Comprehensive Plan 2020, in early 2011. Since that time, actions recommended in the Housing Plan have been supported by City Council. These are outlined below:

- City Council Approved Ordinance 2010-17:
 - Adopted the Comprehensive Plan 2020, including the Housing Plan component.
- City Council Approved Ordinance 2012-07:
 - The minimum lot width for the front lot line has been reduced from 70 to 60 feet in all residential zoning districts.
 - So long as other standard requirements can still be met, the minimum lot size has been reduced from 10,000 square feet to 6,000 square feet in all residential zoning districts.
 - Any combination of up to two dwelling units is allowed on residentially zoned lots of 10,000 square feet, this was changed from 12,500.
- City Council Approved Ordinance 2014-19:
 - Refined definition of the Planned Unit Development and added a new PUD section to code to allowing for a mixture of land uses, increased densities, and building clustering.
 - Removed references to building separation restrictions for multiple buildings on one lot.

BACKGROUND: The community as a whole has experienced ongoing housing shortages for many years. Newspaper articles dating back some 20 years help to document this fact. A foundation for the Housing Plan is the *Community Visions for the Future: Unalaska 2010-2020*, prepared in late 2009, where housing was identified as a key component of the community's vision. The Housing Plan documents trends and issues in the local housing market, describing the housing problem as one related to high cost, substandard conditions, and lack of choice. The overview of housing trends includes an estimation of the unmet

demand for rental and owner occupied housing, which totaled a need for 245 rental units and 95 owned units in 2010. The demand could be greater because the population forecasts in the Plan for 2014 population were 1,500 people short. The State of Alaska has estimated our current population to be 4,768, but was the Plan forecasted it to be 3,312.

The Housing Plan outlines recommendations to address a wide range of housing related matters which include a laundry list of goals, action items, and associated strategies. No one entity or action can fully address the housing needs of the community alone, but there are some steps that Council and City Staff have taken in response to the action items identified in the Housing Plan. These include amending Title 8 to reduce the minimum lot size and lot width, refining the Planned Unit Development process to encourage creative site design solutions in our unique environment, and improving internal processes to streamline development review. Additionally, the Planning Department is currently putting the finishing touches on an Infill Development Analysis as recommend in the Housing Plan. Planning Staff preformed a windshield survey of all properties in the City, and then focused on the vacant properties in developed areas of town. The analysis reveals that there are 117 potential infill sites in town, 59 of which are located on relatively flat land. Once finalized, this analysis will be available on our website for all interested parties.

The need to continue addressing these housing issues may become even more important given additional pressures related to oil and gas exploration. We are hearing reports of property owners setting up housing geared toward companies and reserving units specifically for the possible influx of oil and other supporting companies. Although we do not know what impacts oil and gas activities will have on Unalaska in the long run, it is worth noting that similar activities have had dramatic impacts on other communities. For example, some North Dakota communities have reported that their rental rates doubled for residential homes. Additionally, the population figures for Williston, North Dakota increased by almost 50% between 2010 and now.

DISCUSSION: Housing is a huge topic and, again, no one entity or action can fully address the housing needs of the community alone. The good news is that our Housing Plan provides us with some solid direction. Additionally, City staff contacted the American Planning Association (APA) and they have provided us with a host of other resources and recommendations, much of which support what is identified in our Housing Plan. Our friends at APA have suggested that one good way to frame possible solutions addressing housing problems, or to incentivize housing development and improvements, is to break them up into two main categories: (1) **direct financial assistance programs** (e.g., property disposition, grants, loans or loan guarantees, tax breaks, bonds, etc.) and (2) **indirect financial assistance** (e.g., zoning and land use strategies and regulatory relief). Additionally, based on a review of the recommendations in our Housing Plan, a third category that focuses on **information exchange** seems to present itself.

As described in the Background and Previous Council Action sections of this memo, City Council has already amended Title 8, the section of City Code focusing on land use, zonings and subdivisions, with the goal of addressing those items falling under the **indirect financial assistance** category. It is the ongoing intent of the Planning Commission and Department to continue evaluating Title 8 for additional improvements. The Alternative section of this memo therefore focuses on **direct financial assistance programs** and **information exchange** related solutions for the City Council to consider as we move forward.

ALTERNATIVES: City Staff is looking for feedback and direction on the following solution alternatives. Alternatives have been developed based on recommend strategies from our Housing Plan and research Staff has done on how other communities address housing needs. Based on Council direction, City Staff will focus their energies on additional information gathering and follow up with Council at a later date. Please note that multiple alternatives may be selected, as they are not mutually exclusive but very much complement each other.

- Direct Financial Assistance Programs
 - Expand Utility Infrastructure
 - Industrial Revenue Bonds
 - Local Improvement Districts
 - Development Agreements with Land Owners/Developers
 - Explore Financial Incentives
 - Community Development Block Grant (CDBG) Funding through the State
 - Local Tax Abatement Codes
 - Encourage improvements to existing housing
 - Encourage new housing development
 - Develop City Owned Property
 - Identify City Owned Property for Housing Development
 - Create Request for Proposals and Development Agreements

- Information Exchange
 - Develop Housing Webpage
 - Links to funding, loan, and grant opportunities for new and existing homes
 - Access point for local housing related studies and resources
 - Provide status reports of ongoing housing efforts
 - Host Housing Forum
 - Highlight funding resources & develop relationships with entities such as:
 - Alaska Housing Finance Corporation (AHFC)
 - Aleutian Housing Authority (AHA)
 - US Department of Agriculture (USDA) Rural Development
 - Housing and Urban Development (HUD)
 - Lending Institutions (Key Bank)

FINANCIAL IMPLICATIONS: Implications will depend on the direction City Council wishes to take.

LEGAL: None required at this time. Depending on the direction offered by City Council, City Staff may consult with the City Attorney as needed.

STAFF RECOMMENDATION: Staff believes that we need to continue addressing housing needs of the community. Staff requests City Council's direction regarding what direction to take and what concepts to research further. This is an ongoing discussion.